

A. No. The common transport service that Ameritech Illinois provides to IXCs as a switched access service, referenced by Dr. Ankum, is not the same "common transport" network element that he and other witnesses demand that Ameritech Illinois provide in conjunction with ULS. The common transport service provided as an access service requires a dedicated trunk port on the tandem to which the IXC delivers traffic using either dedicated transport provided by Ameritech Illinois or transport provided by the IXC or a third party. It provides the ability to terminate calls only to those end offices that subtend the tandem. This service is similar to the network interconnection (i.e., transport and termination) that is offered by Ameritech Illinois to CLECs under its obligation to interconnect. Thus, it is not a network element, but a form of network interconnection. In contrast, the "common transport" network element that AT&T, Comptel and MCI are demanding does not have a dedicated trunk port at the tandem. Rather, it is Ameritech Illinois' LATA-wide retail/wholesale calling services made available to each line port in each end office switch.

Q. Staff testified that a common transport network element can be defined as "the transport piece of Ameritech's network that carries traffic that is common to the

network" (Gasparin, p. 8). Is that a meaningful definition of a network element?

A. No, it is not. Mr. Gasparin has not described an "element" of the network that can be unbundled. The thing that "carries the traffic that is common to the network" is the network.

Q. Mr. Gasparin goes on to claim that common transport is a network element as defined in Section 152 of the Act because it "is used by Ameritech in the transmission and provisioning of a telecommunications service. Specifically, common transport is used in the transmission of usage" (Gasparin, p. 10). Does this attempt at definition improve upon his earlier attempt?

A. No. Once again, what Mr. Gasparin has attempted to describe as a common transport element is not an "element" of a service at all; but is, in fact, the entire usage service that is provided by Ameritech Illinois on a retail and wholesale basis to IXC's, CLECs or end users.

Q. Is Mr. Gasparin's position consistent with the definition of a network element?

A. No. Section 152 of the federal Act defines "network element" as "a facility or equipment" used to provide a telecommunications service. A network element also includes features, functions and capabilities that are provided by "such facility or equipment..." However, in order to obtain a "feature, function or capability" -- a network element -- the requesting carrier must designate a discrete facility or piece of equipment, in advance, for a period of time.

Q. Are the parties in this proceeding defining common transport as a discrete, point-to-point facility?

A. No. AT&T, Staff and MCI all now concede that their definition of "common transport" is, in fact, undifferentiated access to transport and switching. For example, MCI admits that, under its view of "common transport", carriers should be allowed "to terminate traffic throughout Ameritech Illinois' network without having to previously specify or designate the point of termination": "under true common transport, as it is used in switched access services, carriers hand-off their traffic at the tandem, and receive call terminating functionality throughout Ameritech network on a call-by-call basis" (Ankum, p. 7, emphasis in original). AT&T also concedes that its definition of

"shared transport" is the same as "common transport" (Sherry, p. 4).

Q. In your opinion, is "common transport," as clarified by Staff, MCI and AT&T, a network element or a service?

A. The parties acknowledge their definition of "common transport" is the same as switched access service. It has none of the attributes of a network element; it is not "unbundled"; and, like other services, it is "comprised of multiple network elements" (Sherry, p. 5). Thus, it is now crystal clear that the IXCs' view of the "shared transport" which the FCC requires is a blend of direct transport between end offices, common transport to tandem offices and tandem switching -- which cannot be considered a "network element".

Q. On pages 8-9 of his testimony, Dr. Ankum quotes the specific checklist requirement in Section 271(c)(2)(B)(v) of the Act (i.e. "Local transport from the trunk side of the wireline local exchange carrier switch unbundled from switching or other services") and claims that his reading of this requirement does not restrict transport to point-to-point connections. What is your interpretation?

A. It seems obvious to me that the phrase "unbundled from switching" means exactly what Dr. Ankum claims it does not mean. Until it is combined with switching and with other transport elements accessible through the switching function, a transport facility can only exist on a point-to-point basis. The checklist item quoted by Dr. Ankum clearly does not require Ameritech Illinois to provide common transport.

Q. Dr. Ankum also claims that "common transport is essential to the economic viability of the ULS offering" (Ankum, pp. 6-7). Do you agree?

A. No. Dr. Ankum provides no analysis to support his statement. The only analysis of the economics of ULS that has been presented in this proceeding was offered by Mr. Kocher in his supplemental direct testimony. Ameritech Illinois' ULS and other offerings provide numerous and flexible methods for a CLEC to use when entering the marketplace based on a combination of strategies, and to evolve incrementally by substituting combinations of unbundled network elements from Ameritech Illinois, third parties, or self-provisioned for wholesale services when it determines that such substitution is economically justified. Ameritech Illinois' offerings do not obliterate the distinction between unbundled network elements and resale, as those

separate requirements are defined by the Act, unlike the proposals of AT&T, MCI, Comptel, and Staff.

Q. The other parties cite to paragraphs 258 and 810 of the FCC order as providing support for the proposition that the order requires that "common transport" be provided as a network element. In your opinion are these references conclusive?

A. Not at all. Other portions of the FCC's order clearly support my view that common transport, as defined by AT&T, MCI, and Comptel, is not a network element.

Paragraph 334 draws clear distinctions between service resale and unbundled elements as follows:

"A carrier purchasing unbundled elements must pay for the cost of that facility, pursuant to the terms and conditions agreed to in negotiations or ordered by states in arbitrations. It thus faces the risk that end-user customers will not demand a sufficient number of services using that facility for the carrier to recoup its cost.... A carrier that resells an incumbent LEC's services does not face the same risk."

The FCC also distinguished network elements from services in paragraph 358 as follows:

"When interexchange carriers purchase unbundled elements from incumbents, they are not purchasing exchange access 'services.' They are purchasing a different product, and that product is the right to exclusive access or use of an entire element."

In the scenario proposed by the IXC's, common transport is identical to existing Ameritech Illinois retail and wholesale services. The CLEC would not use it as an

element of its own service or assume any risk of underutilization, but would simply resell it in toto as a service to its end users.

Most critically, paragraphs 439 through 451, where the FCC specifically defines the obligations of ILECs to provide unbundled transport that are ultimately codified in the rules, contain no mention of common transport or any reference to a form of transport that includes switching. The only obligation defined by the FCC is the provision of unbundled transmission facilities.

Ameritech Illinois agrees that there is some ambiguity and contradiction in the FCC's 700-plus page order and rules. The Company expects, however, that any such ambiguity will be resolved on reconsideration by the FCC in a manner that is consistent with the letter and the intent of the Act. That is, unbundled network elements will be correctly defined as discrete components and functionalities that a competitor may combine with other such elements or with elements provided by itself or third parties, using its own engineering and administrative skills, to construct its own network to serve end users.

Q. Dr. Ankum claims that there are open questions

regarding the rate structure for unbundled local switching that should be considered in this proceeding. Do you agree?

- A. No. The Commission has already determined that the ULS rates established in the AT&T arbitration case are compliant with the requirements of Section 252 of the Act. Whether or not any of those rates may be modified as a result of the proceedings in Docket No. 96-0468/0569 is of no relevance to this proceeding.

Access Charges and ULS

- Q. Comptel disputes Ameritech Illinois' position on the proper application of access charges to IXCs, by claiming that Ameritech fails recognize that the unbundled local switching network element includes certain "shared" trunk ports, "including those trunk ports which are used to route traffic to/from interexchange carriers" (Gillan, pp. 9-10). Mr. Gillan references paragraph 810 of the FCC order as support for his claim. How do you respond to his contention?

- A. As I stated earlier, there is a certain amount of ambiguity and contradiction in the FCC's order. Paragraph 810, which is cited by Mr. Gillan, is a case in point. The rules establishing the definition of the

unbundled local switching element (CFR 51.319(c)) and the section of the order discussing and establishing those rules (paragraphs 410-424) make no mention of "shared" trunk ports. This is only proper, since the Act defines unbundled local switching as "local switching unbundled from transport, local loop transmission, or other services" (271(c)(2)(B)(vi)). As Mr. Graves of Staff recognizes on page 14 of his testimony, "[i]f these facilities [trunk ports] are shared, then the transport they connect to must also be shared." Thus, a definition of unbundled local switching that includes shared trunk ports would effectively fail to unbundle local switching from transport, and would not be in conformance with the requirements of the Act.

Paragraph 810 appears in a section dealing not directly with the definition of network elements, but rather with the development of temporary "proxy" prices to be used for interconnection services and network elements. While nominally a discussion of the development of proxy prices for unbundled local switching, the discussion in that portion of the order centers on cost studies reviewed by the FCC which analyze the cost of reciprocal transport and termination of traffic between networks. This is significant because transport and termination is an interconnection service, not an

unbundled network element, and by its nature does include the use of common transport over the network. Later, in paragraph 1060, the FCC establishes and justifies temporary proxy prices for reciprocal transport and termination by simply referring back to its earlier discussion of the proxy price for unbundled local switching.

It is apparent that there is some confusion in the order regarding the differences between reciprocal compensation for network interconnection services, which involve shared trunk ports and the termination of traffic over a form of common transport; and the unbundled switching element, which must be unbundled from transport, and which, therefore, may not include a shared trunk port or any associated common transport services. It is my belief that the FCC will recognize these inconsistencies on reconsideration and clarify the fact that the unbundled local switching network element cannot include "shared" trunk ports without violating the plain requirements of the Act.

Q. AT&T also criticizes Ameritech's proposals for the relationship between the ULS line port element and IXC access charges (Sherry, pp. 14-19). Does his reasoning differ significantly from Mr. Gillan's?

A. No. Though he spreads his argument over a few more pages, the essence is the same. His position is dependent on the assumption that a ULS line port network element somehow incorporates exclusive access to the entirety of Ameritech's network as an integral part of the "unbundled switching" element. As I discussed in regards to Mr. Gillan above, that assumption is clearly at odds with the requirements of the Act for defining unbundled local switching. I must also stress the point here that Ameritech Illinois' offerings do not prevent CLECs from providing access service to IXCs for their ULS-served end users when they provide that access using unbundled trunk ports and the custom routing feature of the ULS element.

Q. What about AT&T's claim that the carrier subscribing to a ULS line port network element must necessarily obtain with it every occurrence of the "switching function" that is associated with the line port (Sherry, p. 19)?

A. Every call switched by a switch necessarily involves two ports: i.e. a line port and a trunk port, or two line ports. The switching function, which occurs only once, can only be associated with one of those two ports. Ameritech Illinois has endeavored to set out a consistent way of determining which of the two involved ports "obtains" the switching function in each

particular case. Under Mr. Sherry's view, the switching function for a call from a ULS line port of CLEC A to a ULS line port of CLEC B would be obtained by both CLECs. This is clearly an absurd and impossible result. The switching function can only be associated with (and billed to) one line or trunk port each time it is used. I believe that Ameritech Illinois has developed reasonable proposals that identify the proper association of the switching function and the switch port for each type of call, consistent with the requirements of the Act, the FCC's rules, and other existing regulatory rules and orders.

Q. Do you have any other comments regarding Mr. Sherry's testimony?

A. Yes, I would like to briefly address two items. First, on page 20 he claims that my testimony "concedes that Ameritech Illinois' earlier proposal was an attempt to double recover costs." That is not correct. What I stated in my testimony was that Ameritech Illinois had corrected its billing methodology to bill the switching element only to the IXC rather than incorrectly billing it only to the CLEC. There was no double billing of that element in the Company's previous proposal.

Second, Mr. Sherry apparently recognizes that the Commission has no authority over the application of interstate access charges and that proper application of those charges is under the purview of the FCC (Sherry, p. 21). This point still appears to escape Dr. Ankum and others.

Q. Dr. Ankum proposes that a CLEC receive transport and termination compensation (reciprocal compensation) or intraLATA access charges when an intraLATA call is terminated on a ULS line port (Ankum, pp. 16-17). Does this proposal make sense?

A. No. What Dr. Ankum is proposing is a wasteful, administratively burdensome and economically irrational arrangement. Dr. Ankum is suggesting that CLECs be permitted to buy switching capabilities from Ameritech Illinois at one rate (i.e. the ULS rate) and sell it back to Ameritech Illinois at a different and higher rate (i.e. the reciprocal compensation rate) whenever Ameritech Illinois terminates a call to one of their subscribers. The CLEC then pockets the difference. In effect, Ameritech Illinois is required to pay the CLEC for Ameritech Illinois' use of its own network to complete its own calls. The CLEC makes a profit on this arrangement solely by arbitraging Ameritech Illinois' existing rate structures -- not by making any

facilities contribution of its own to network infrastructure in Illinois or even by assuming any of the network risks currently borne by Ameritech Illinois. The CLEC is not entitled to any compensation in this situation. If a CLEC wants to participate in reciprocal compensation arrangements, it should at least be expected to install its own facilities like MFS, TCG and CCT have.

Dr. Ankum's proposal would also produce unintended results in a multicarrier environment. Take for example the situation I discussed earlier where a call is originated on the ULS line port of CLEC A and terminates on the ULS line port of CLEC B. Under Dr. Ankum's proposal, it would appear that CLEC B would bill some type of terminating charge to CLEC A and that Ameritech Illinois would bill the ULS usage charges to CLEC B, despite the fact that CLEC A believes that it is obtaining ULS from Ameritech Illinois and that it will be billed the ULS usage rate by Ameritech for the intra-switch calls it originates on its port. As I stated earlier, Ameritech has designed its unbundled local switching offering to clearly associate the switching function with a single switch port for every type of call and to avoid the types of confusing and burdensome billing arrangements advocated by Dr. Ankum.

Q. Dr. Ankum also claims that Ameritech Illinois' ULS offering results in "double recovery" of trunk port costs (Ankum, p. 18) How do you respond?

A. Dr. Ankum is apparently confused as to how unbundled ULS trunk ports will be used by CLECs in conjunction with custom routing. A single trunk port cannot carry more than one call at a time and different trunk ports will carry only particular types of calls. As I noted earlier in this testimony, Ameritech Illinois expects that a carrier ordering ULS line ports will quickly establish separate dedicated trunk ports with custom routing for at least two types of calls: one for operator services and directory assistance calls to the carriers own OS/DA platform, and one to carry interstate and intrastate toll calls originated on the ULS line ports to the IXC that the CLEC is either owned by or partners with. These trunk ports will be dedicated to those specific call types; and other call types, such as incoming calls, will necessarily use different trunk ports. Thus, any charge assessed by Ameritech for calls which use other trunk ports does not "double recover" the cost of the CLEC's dedicated trunk ports, but rather recovers the cost of the other trunk ports that are actually used to carry the call. At the same time, the CLEC can be simultaneously

carrying a call from a different line port over its dedicated trunk port.

611

Q. Staff agrees that Ameritech Illinois' plan to implement 800/888 ten-digit access for repair service will satisfy the Company's checklist requirements for 611 dialing parity (Tate, p. 4). Has any party expressed a contrary view?

A. No. Therefore, I am satisfied that the 611 issue has been adequately resolved.

Q. Does an issue remain relative to the timing of the change to 800/888 dialing and checklist compliance?

A. Yes. Staff takes the position that checklist compliance will not be achieved until July 15, the end of the permissive dialing period.

Q. Do you agree?

A. In my opinion, this is an unnecessarily restrictive view. Once 800/888 dialing is introduced on May 15 and a date certain has been established on which 611 dialing will terminate, the Company should be viewed as

in compliance with the dialing parity requirements of the checklist. Thus, compliance would be achieved on May 15, not July 15.

Q. Does the Company intend to change its implementation plan in response to Staff's position?

A. Although I believe Staff's view is unduly restrictive, the Company does not believe that this issue warrants further debate. Accordingly, the implementation plan will be changed to make mandatory use of 800/888 dialing arrangements effective no later than June 1, 1997.

Q. Will this change negatively impact customers?

A. Not in my opinion. Permissive dialing is typically used to provide customers with a grace period during which they can adjust their calling habits for frequently dialed numbers. Area code changes provide a good example of where there is a need for permissive dialing.

Calls to repair do not fit this model. Calls to 611 are made primarily by residence and small business customers. These customer groups do not call repair on a regular basis; in fact, many customers have no repair

problems at all over many years of service. Thus, only a small subset of Ameritech Illinois' customers would call repair during the two-month permissive dialing period which had originally been planned. Those customers who call 611 after the permissive dialing period has ended are not likely to be the same customers who called during the permissive dialing period. Therefore, I do not believe that permissive dialing in this situation provides significant customer benefits and it can be reduced or eliminated.

Resale

- Q. Staff has raised issues relative to the compliance of Ameritech Illinois' resale tariff with its checklist obligations. Would you describe Staff's position?
- A. Yes. Mr. Graves has described an investigation which Staff intends to initiate into Ameritech Illinois' resale tariffs. The issues which Staff intends to address include the competitive classification of certain wholesale services; the charges for "as is" conversions; "stripping" and branding of OS/DA services; access to AIN triggers; aggregation of services for purposes of applying volume discounts; and discounts on 9-1-1 trunks (Graves, pp. 3-12).

Mr. Graves then testified that the Commission cannot reach any conclusion as to whether Ameritech Illinois either meets or does not meet its resale checklist obligations until this investigation is completed.

Q. Do you agree with Mr. Graves?

A. Absolutely not. Ameritech Illinois' resale tariffs have been examined twice by this Commission -- once in the Wholesale/Resale proceeding and again in the AT&T arbitration proceeding. The Commission has approved them twice. Moreover, in the AT&T arbitration proceeding, the Commission explicitly found the Company's resale service offering to be in compliance with all applicable requirements of the federal Act. As even Mr. Graves recognizes, several of the issues which Staff apparently intends to revisit (only months after the arbitration process was completed) are issues which the Commission specifically resolved in Ameritech Illinois' favor in the AT&T arbitration proceedings (e.g. OS/DA and access to AIN triggers).

It is clearly Staff's prerogative to initiate a further investigation into Ameritech Illinois' resale tariffs if it believes such an investigation to be warranted. However, until such an investigation has been completed, the Company's tariffs are in effect and

valid. In my opinion, the mere initiating of an investigation cannot be grounds for the Commission to avoid finding that the Company meets the resale checklist requirement, based on its orders to date.

I am also disturbed by the timing of this investigation. The tariffs which Staff intends to investigate were filed with the Commission in September of last year. The Company's position on OS/DA and access to AIN triggers has been clear since its compliance tariffs in the Wholesale/Resale proceeding were filed in early August. Ameritech Illinois worked with Staff since those filings to address a number of issues which Staff raised in its testimony in this proceeding last January. To the Company's understanding, these issues have long since been resolved. To now propose an entirely new investigation -- many months after the tariffs were filed -- and claim that checklist compliance cannot be determined until after the investigation is complete is wholly unreasonable.

Directory Issues

- Q. AT&T contends that it is anticipating problems securing listings in Ameritech Illinois' white pages database for customers served over its own facilities because

Ameritech Illinois is planning to use a manual process for populating this database (Evans, pp. 8-9). How do you respond?

- A. Ameritech Illinois offers carriers both a manual and electronic process for providing listing information to its listing database. The interconnection agreement between AT&T and Ameritech Illinois requires that an electronic process be instituted within six months of the date when the agreement was signed. However, it is my understanding that AT&T has not responded to the request of Ameritech Illinois' directory publisher for a meeting between each party's technical staffs to establish an electronic process. Despite this, Ameritech's directory publisher has provided AT&T with file layouts and connectivity options that may be used to provide this information on an electronic basis.

When AT&T decides to use the electronic option to submit listing information, it will have the capability to submit 15,000 to 20,000 listings to Ameritech Illinois' directory publisher on a daily basis for each state. This should address Ms. Evans' concern about the potential for large backlogs. Further, once AT&T is submitting its listing information on an electronic basis, there will be no timing differences in the processing of listing updates received by Ameritech

Illinois' directory publisher from either Ameritech Illinois or AT&T, or any other carrier who submits its information on an electronic basis.

Ms. Evans is also incorrect when she claims there is no notification to AT&T under the manual process that problems have arisen or been cleared. For listing updates provided on paper, Ameritech Illinois' directory publisher contacts the originating carrier either by fax or telephone, identifying the listing update in question and the nature of the problem within one business day of discovering the problem. An electronic error report is used to inform carriers who submit their listing information electronically.

Q. Ms. Evans also contends that certain listings for its resale customers are not being included in the directories in a timely manner (Evans, pp. 7-8). Would you comment?

A. It is my understanding that this issue is integral to the 3E order processing problem that Mr. Rogers addresses in his testimony. Once that problem is corrected, the listings issue will be resolved as well.

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June 6, 1997

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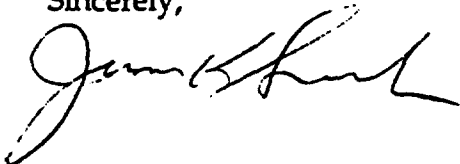
Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: **Ex Parte Statement**
CC Docket 96-98 (Shared Transport)

Dear Mr. Caton:

On June 5, 1997, Mr. John Lenahan, Ms. Lynn Starr and I met with Ms. Regina Keeney, Chief, Common Carrier Bureau; Mr. Richard Metzger, Deputy Bureau Chief, Common Carrier Bureau; Mr. Richard Welch, Chief, Policy and Program Planning Division; Mr. Jim Schlichting, Chief, Competitive Pricing Division and members of their respective staff to discuss Ameritech's position on shared transport as set forth in comments filed in this proceeding. The attached information was used as part of our discussion.

Sincerely,



Attachment

cc: R. Keeney
R. Metzger
R. Welch
J. Schlichting

"COMMON TRANSPORT" IS NOT UNBUNDLED INTEROFFICE TRANSMISSION FACILITIES

1. Statutory Definitions And Principals

- The definition of Network Element requires access to a particular facility or equipment.
- The Commission's recent interpretation of "facilities" in the Universal Service docket is consistent with the statutory definition of network element.
- On-demand, and undifferentiated access to the features, functions and capabilities provided by multiple elements is a service.
- The FCC's First Report and Order in CC 96-98 recognizes the clear difference between "network elements" and "services;"
- Section 251(c)(3) does not transform a service into an unbundled network element.

2. Docket 96-98 Did Not Address "Common Transport."

- The First Report and Order required unbundled shared and dedicated transport, it did not require a "single, combined network element" comparable to tandem switched transport.
- Common Transport is a service, not a network element.
- The "blended rate" advocated by WorldCom and AT&T is also inconsistent with the Commission's recent decision in the access charge reform order.
- There is no record evidence to support a conclusion that common transport was included in the First Report and Order.

3. Shared Transport -- As Defined In 96-98 -- Gives CLECs A Meaningful Opportunity To Compete.

- Ameritech complies with the FCC's "shared transport" network element requirements.
- Ameritech also offers a carrier the opportunity to combine an unbundled local loop and unbundled local switching line card with common transport service.